

STATE SCHOOL AID UPDATE

Michigan Department of Education



December 2008

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HAPPY HOLIDAYS TO ALL OF YOU

The Office of State Aid and School Finance staff (Jerry, Janelle, Joellen, Phil, Sandy, Glenda and Dan) wish each of you a Happy Holiday Season! Also, we wish you the best for the upcoming new year. As always, we encourage you to feel free to contact us with questions or concerns that we may be able to help with. In addition, we would like to thank you for your support and encouragement that you express to us when we talk on the phone or meet occasionally in person at meetings and other functions.

DECEMBER PAYMENT INFORMATION

The December state school aid payment is the third regular payment of the 2009 fiscal year. The payment will be electronically transferred to the districts' accounts on Monday, December 22, 2008.

Taxable value - The December payment continues to use the *beginning* 2008 tax roll non-homestead taxable value data, as provided by the county treasurers via the web based taxable valuation collection process. These data can be viewed by school district personnel on the Department's website. The URL is: <http://mdoe.state.mi.us/taxvalue>. To view your data, click on "Public Access," and then choose your district code and the appropriate tax year from the drop-down menus. Questions concerning taxable value should first be directed to the appropriate county treasurer.

Pupil membership - September 2008 unaudited pupil count data reported to the Center for Educational Performance and Information (CEPI) via the Single Record Student Database (SRSD) were used in the calculation of the blended membership count for the December payment. Also, the **three-year average membership blend** was calculated for qualifying districts using these unaudited counts. These are districts with a current year 25% - 75% blend of less than 1,550 and 4.5 or fewer pupils per square mile for whom the average of the membership blends for fiscal year 2007, fiscal year 2008 and fiscal year 2009 exceeds the current year blend. An asterisk (*) next to the membership figures on the status report indicates a three-year average.

Updated categoricals - The following categoricals were updated in the December payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Great Start Readiness - Section 32d (Jan Fowler, Early Childhood Education and Family Services, (517) 241-4741, FowlerJ2@Michigan.gov)
- Special Education - Section 54 (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov)
- ISD Great Start - Section 32j (Colleen O'Connor, Early Childhood Education and Family Services, (517) 241-4291, OconnorC1@Michigan.gov)
- Court Placed Children - Section 24 (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov)

SECTION 26A RENAISSANCE ZONE FUNDS

The fiscal year 2009 Section 26a Renaissance Zone allowance is less than their fiscal year 2008 allowance for most schools. Since all industrial personal property is exempt from "basic" school operating mills, there is no longer Renaissance Zone reimbursement for this property. You are reimbursed through the foundation allowance formula for this exemption. Since commercial personal property is exempt from the first 12 school operating mills, the Renaissance Zone reimbursement is only for the remaining 6 mills. You are reimbursed through the foundation allowance formula for this 12 mill exemption. Schools levying hold-harmless (supplemental) mills now receive a Section 26a reimbursement for hold-harmless mills not paid by Renaissance Zone industrial and commercial property. Questions related to this item may be directed to Phil Boone at (517) 335-4059 or e-mail: BooneP2@Michigan.gov.

DEFICIT REPORTING AND BUDGET POSTING

Language in Section 18(2) of the State School Aid Act now requires local districts, intermediate districts and public school academies to post their annual operating budget and subsequent amendments on their website. Any amendments to the fiscal year 2009 budget approved by the board will require posting to the website. The budget postings should include the General Appropriation Resolutions or budgets with a notation indicating when they were adopted by the local school board. This should be done for all funds for which the board adopts a budget. The *Michigan*

Public School Accounting Manual Section IV contains further details. **If that budget amendment results in a projected deficit fund balance, the district should immediately notify the Michigan Department of Education.** The notification should be in written form and mailed to Glenda Rader, State Aid And School Finance, P.O. Box 30008, Lansing MI 48909 or by e-mail at RaderG@Michigan.gov.

DELINQUENT REPORTS RESULT IN THE WITHHOLDING OF FUNDS

A few districts and public school academies (PSA) have failed to comply with the November 15th submission deadline for the **Financial Information Database (FID) – Annual Comprehensive Financial Report** and the **Financial Audit Reports**. The financial penalty for non-compliance is a 100% withholding of state aid until the reports are received. Therefore, for the districts with outstanding reports as of December 10, 2008 the December payment has been withheld. Payments will continue to be withheld until the required reports are received. Questions regarding the *audit reports* may be directed to Kathy Weller, Office of Audits, (517) 335-6858, or e-mail: WellerK@Michigan.gov. Districts with questions pertaining to the *FID* may contact Glenda Rader, State Aid And School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov. It is important to note that in all of the above cases, the delinquent districts were contacted and encouraged to file the reports in order to avoid an interruption in their state aid. Nevertheless, there remain a few noncompliant districts. We appreciate the cooperation of all those who have filed their reports in a timely manner.

DELINQUENT REP DATA RESULTS IN 5% WITHHOLDING

Section 19(5) of the State School Aid Act requires local districts, intermediate districts and PSAs to submit their Registry of Educational Personnel (REP) data to the Center for Educational Performance and Information (CEPI) by the first business day in December each year. Section 19(7) of the State School Aid Act requires the Department to withhold 5% of the total funds for which the local district, intermediate district or PSA qualifies for under the act for non-compliance with the reporting requirement. This year only one district had funds withheld from their December payment for noncompliance with the REP reporting requirement. Thank you for your continued cooperation with this reporting requirement. Questions related to the submission of the REP data should be directed to the DIT Client Service Center via e-mail at help-desk@Michigan.gov or phone at (517) 335-0505.

SECTION 29 DECLINING ENROLLMENT FUNDS UPDATED

The Section 29 Declining Enrollment allowances have been updated for the December payment. This categorical allocates \$20 million to districts with a decline in membership from fiscal year 2007 to fiscal year 2008 as well as from fiscal year 2008 to fiscal year 2009. The payment is based on the difference between a three year average blend and the regular blended membership multiplied by the district's foundation. Prior to the December payment, the September 2007 pupil counts were used as an estimate of the September 2008 counts in this calculation. The unaudited September 2008 counts have been used in the December calculation of Section 29 funding. Therefore, as the statewide eligibility is prorated down to \$20 million (see factor below), the allowance amounts for all districts have changed in December. Please be aware that these allowance amounts will continue to change slightly as audited September 2008 pupil counts are received. This is the third year of Section 29 funding. There is no application required, as the funding is determined by formula and the Department gets the necessary data from CEPI. Questions related to this item may be directed to Glenda Rader, State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

SECTION 20(8) AND SECTION 20(9) FUNDING INFORMATION

Certain "hold-harmless" districts are eligible for funding under Section 20(8) or Section 20(9) of the State School Aid Act. A hold-harmless district is defined as a district whose fiscal year 1995 foundation was \$6,500 or greater. The eligible hold harmless districts are those with less than 350 pupils or those eligible to levy .5 mill or less under Section 1211(1) of the *Revised School Code*. In order to qualify, the district must submit a board resolution each year stating that they are not levying any millage under Section 1211(1) and are requesting payment under Section 20(8) or Section 20(9). If your district qualifies under either of the criteria and has not sent in the resolution, you may still do so. However, you should submit the resolution as soon as possible to: Michigan Department of Education, P.O. Box 30008, Lansing Michigan 48909. Questions related to this item may be directed to Dan Hanrahan at (517) 335-0521 or e-mail: HanrahanD@Michigan.gov.

GENERAL INFORMATION

The proration factor for Section 31a At-Risk is \$252.801029752 per pupil.
The proration factor for Section 29 Declining Enrollment is .0754486548.

*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid and School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.